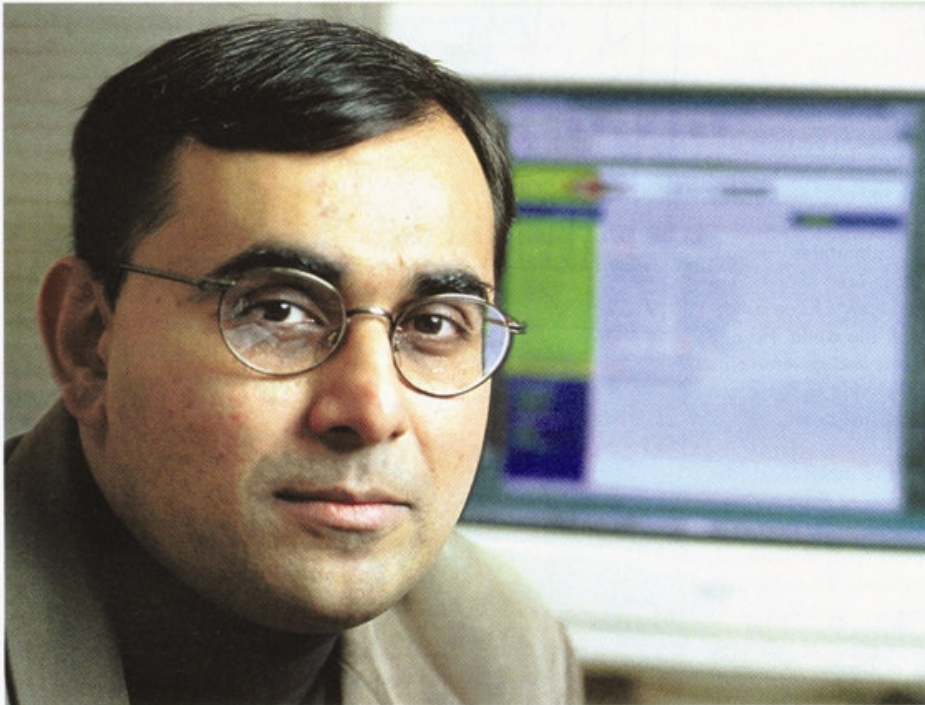


e-Commerce



There's no business like know business. Don't adapt "and you'll be left in the dust," says Dr. Anindya Datta, director of the iXL Center for e-Commerce at Georgia Tech. And here's a question for the New Millennium: If adenoidal kids can understand this stuff, why shouldn't you?

e-Survival Kit

How to Get In the Game

By Pam Baker

There's a business revolution going on. Like it or not, you and your company are entangled in the World Wide Web. Like a fly, you're caught in it, even if you have yet to feel the threads pull on your profits. But if you don't figure this thing out, your company will most likely dry up and blow away, a mere husk of what it once was.

"At the very least, e-commerce is a fundamental change in the way that business is done," says Dr. Anindya Datta, director of the iXL Center for e-Commerce at Georgia Tech. "If you do not adapt to what's going on

now, you'll be left in the dust."

But you don't have to be the fly. You can be the spider, and it isn't even hard to do.

Basically, it's the cyberspeak that confuses everything. If you don't know the latest buzz words, you're likely to feel hopelessly stupid, terribly old or left out of a secret club that everyone in the world seems to belong to but you. But cyberspeak is largely shorthand to describe digital versions of real things you already know about. So don't let the noisy babble bother you. Most of the words

you can look up like you would any other word. Just make sure you have a very, very recent dictionary, and most of them are found online.

Further, the experts warn businesses to be wary of folks who use too much cyberspeak; they might be con artists.

"Discussions shouldn't be overly complex," says Jeff Ramminger, communications executive of e-business services at IBM. "There should be more straightforward business language and a minimum of buzz words. Often cyberspeak masks (lack of) true knowledge and experience."

The Internet also intimidates people because of its sheer size. Even that isn't a problem. The Internet is merely a loose collection of computers all over the world. No one owns it, no one controls it and governments are having a terrible time trying to figure out how to regulate and tax such a beast.

For a company, on the other hand, the Internet is a cornucopia of opportunities. No other medium in the world reaches as many people, and no other form of communication can deal with millions of people individually at the same time.

Imagine having a salesclerk who could sell and service thousands of people simultaneously without a single customer having to wait in line or feel rushed. And imagine that the salesclerk could do this every seven seconds, 24 hours a day, seven days a week, with no breaks or vacations. In essence, that salesclerk is an e-commerce Web site.

A Web site, however, is not the same as an e-commerce Web site. The first contains only information; the second actually sells something.

"It's a fairly classical problem today," says Ramminger. "Businesses typically load a Web site with brochure-ware. It's a good first step, but it isn't likely to make you very much money." Brochure-ware is a copy of your marketing materials or other information usually printed in a brochure. And just like a real brochure, brochure-ware (a content-only Web site) merely introduces your company or adds to your image. Only rarely does it actually net any sales.

By comparison, an e-commerce Web site can generate money, reduce costs and drastically improve customer service.

"The first savvy step into e-commerce was done by the banks when they started using ATMs," says Steve Johnson, founder and president of Bay Data Consultants. The advent of the technology quite literally gave birth to



'There has to be a better way to quickly get money behind good ideas,' thought Jeff Levy (above). So he went out and founded eHatchery.

a money machine that generates significant profits through new fees and reduces the cost of maintaining a large teller staff.

But people don't tend to think of ATMs as a form of e-commerce. Instead, they think of something like Amazon.com. Somehow, they think that buying books by computer is different than buying money or money services by computer. But in actual fact, e-commerce literally has no limits in applications, and many of those applications are now widely accepted and expected by the market.

The impact is unmistakable. A bank without ATM service, for example, is not likely to be profitable. Yet, an e-bank like Net.B@nk in Alpharetta can be highly profitable worldwide with no brick-and-mortar offices at all.

Net.B@nk Inc. is the first profitable Internet-only bank in the country and the largest FDIC-insured bank operating solely on the World Wide Web. The bank has more than 25,000 accounts and customers in all 50 states and in 20 foreign countries. Net.B@nk announced customer accounts grew 114% in the first six months of 1999. As of March 3, 1999, Net.B@nk lent \$100 million in online home mortgages in just six months.

Competition in any given industry is going to be fierce and extreme. Many experts are predicting eventual but serious shakeouts across the board.

"Even now, there is a lot of unawareness on how the entire business model will be overturned, entire industries will be turned on their heads and restructured," says Datta. "There are new rules of competition and new demands."

So exactly how does one go about surviving and even profiting on the Internet? It isn't as hard as you think. The basic requirement for technological knowledge and experience is essentially zip. The real key is good old-fashioned business savvy.

"Most people think of e-commerce as technology-driven," says Ramminger. "But it's really driven by the same critical elements that any other business is." Of the 25 consultants polled, all agreed that all start-up, Internet-only and traditional businesses must begin the e-commerce process by developing a sound business strategy — a business plan.

"We try to understand the customer's business and what processes and events the customer wants to take to the Internet," says Johnson. The plan typically looks like any other business plan. There usually isn't any tech-talk at this stage. The technology needed and the application design are determined by the business plan, never the

other way around.

At Bay Data Consultants and IBM — as is the case with most Internet consultants and vendors — the vast majority of time and effort is spent on evaluating the initial idea and the business plan.

"We can add a lot to the planning process," says Ramminger. "We can provide stats, including return on investment numbers, plus what ideas have already been tried, what has and has not worked, and what the customer's competitors are doing." Once the plan is done, the design and application work begins, which is quickly followed by layering the application onto suitable infrastructure.

"I usually come in initially to help guide the customer, like a general contractor," says Johnson. "Then, if a customer needs intellectual property design, we refer him to an appropriate vendor, who then returns the application to



Cyberbabble often masks cyberignorance, says IBM's Jeff Ramminger.

us for layering onto the infrastructure we have designed."

IBM does things a little differently. IBM has several design centers. The one in Atlanta employs about 135 people, most of whom are graphic artists and information designers.

"They create what we call the front-end interfaces for the e-business applications we build for clients," says Ramminger. From there, other IBM teams complete the infrastructure work. IBM teams specialize in given industries. So a bank can hire a banking specialist team, a textile manufacturer a textile specialist team, and so forth.

But the e-commerce world is so new, and things change so rapidly, that all reputable vendors and consult-



ATMs broke ground, says Bay Data's Steve Johnson (L), with partner Matthew Goodfellow of Level 3 Communications.

ants work together, including such giants as IBM. According to Ramminger, IBM does not push IBM products exclusively. Instead, employees serve as "system integrators incorporating the best available products and services to create the best possible e-business solution."

In short, one must have a good idea and plenty of business savvy. The technical stuff can be outsourced to one of several high-tech vendors for completion, maintenance and management. Should you wish to update existing applications, companies like IBM and Bay Data Consultants can do that, too. Bottom line, the tech stuff isn't really an obstacle for any business. Costs vary according to the work done, but the whole kit and kaboodle tops out in the six-figure range.

But what if you don't have the money to hire the big guns? Worse yet, what if you don't have the money and you don't have the technological know-how? All you have, really, is that key to entrepreneurial success: a real good idea.

There are numerous venture capitalist firms in Atlanta now, as well as across the country. There's also the so-called "angel money" — essentially money from a wealthy person who invests in your idea because, well, he or she likes you or believes your idea might actually work. Then, of course, you can always go to family and friends for money. Unfortunately, most of these options provide too

little money too late.

An incubator may be a better idea. Off North Avenue in Atlanta, across from the old Sears and Roebuck is the former Southern Dairies building. It houses a new kind of factory called eHatchery, an incubator for e-businesses. If your idea passes muster, you can get funding and technological support there.

Founder Jeff Levy came up with the idea for eHatchery after he and then-partner Tim Cobb went through the grueling experience of raising capital for an electronic version of the Nielson Ratings. Relevant Knowledge measured audiences on the Internet much like Nielson measures TV audiences.

"We pitched 50 or more different people and in six months sort of cobbled together \$1 million," says Levy. "I thought: 'There has got to be a better way to quickly get money

behind good ideas.'"

When Media Metrix bought Relevant Knowledge, Levy began to form eHatchery.

The new company is modeled after idealab!, the most successful e-business incubator in the world. Indeed, idealab! is an investor in eHatchery, and founder Bill Gross even sits on the eHatchery board. From idealab! came such huge Internet commercial successes as GoTo.com, e-Toys, CarsDirect.com and Free-PC. The presence of eHatchery and the involvement of idealab! may be the most significant e-commerce advancement yet for Atlanta.

It may very well be that eHatchery is the element Atlanta needed to be considered as an actual e-commerce center on a scale of national importance. It doesn't hurt that Gross has such friends and former business partners as Steven Spielberg, or that Levy, an imported Yankee with a love for the South, has enviable connections and a formidable track record himself.

The process for acceptance into the incubator program is relatively simple. First, you fill out an application online. Then you wait for an invitation to submit a business plan. If the group likes your idea and business plan, then they'll invite you in for an interview.

"It's very easy," says Jeff Haynie, eHatchery's chief technology officer. "If we like the idea and like the peo-

and maybe a scanner. Add to that any off-the-shelf software designed to create interactive Web pages. Microsoft makes some good programs for this. Total investment for all these items averages \$5,000.

Next, the kid follows the directions on the software to create his Web page and connects for hosting via his ISP (internet service provider), such as America Online. Then he contacts financial clearing houses online — National Data Corp., Compucredit, Derivion, billerweb, Checkfree or one of seemingly a million others. He fills out the application, gets approved and the clearing house links with his Web site. This part of the equation has cost him no upfront money because clearing houses typically charge a fee or percentage per transaction, and they take their cut before they mail the kid a check or electronically deposit his money in a bank.

"When you click on the kid's Web page space to give your credit card number or billing information, you're no longer talking to the 14-year-old, even though it looks on screen like you are," says Michael Marsilio, managing consultant for enterprise security and e-commerce at Bay Data Consultants. "All the flash and whiz is the kid, but the actual transaction is between you and the credit facilitator."

Boom! Just like that, the kid is off to make more money than his parents. The point being, once again, that the

idea must be viable and strong — the tech stuff can be handled easily enough. After all, the kid, like the Fortune 500 companies, can outsource any business activity and technical support needed.

But what if you have some money, but you don't have any ideas and you still want to make money on the Internet? There are multiple options. You could invest in a highly skilled venture capitalist group like eHatchery or any of dozens of others. Just use the same precautions you would with any other investment vehicle.

Or you could invest in any major school doing IT (information technology) research. Which is also a great idea for any company looking to have the latest technology first, without the cost of running an independent IT research-and-development department. After all, not everyone has the resources of an AT&T or IBM.

"At Georgia Tech, we sign deeds to companies giving them exclusive rights to purchase or license intellectual property resulting from the research projects they sponsored," says Datta.

There you have it, the scoop on how to make money on the Internet. "There really is no magic or voodoo to it," says Marsilio. □



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